

JPW

Express Mail Label No.: EL963889361US

Application Serial No.: 10/707,491

Attorney Docket No.: G08.069



**Patent**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Applicants: JONES et al.

Application No.: 10/707,491

Filing Date: December 17, 2003

For: METHOD AND APPARATUS FOR  
CONDUCTING HYBRID  
TRANSACTIONS

) Group Art Unit: 3628  
)  
) Examiner: Chencinski, Siegfried E.  
)  
) Attorney Docket No.: G08.069  
)  
) Buckley, Maschoff & Talwalkar LLC  
) Five Elm Street  
) New Canaan, CT 06840  
) (203) 972-0006

Mail Stop Petition  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**PETITION TO MAKE SPECIAL**

Sir:

This is a Petition to Make Special for accelerated examination of the above-referenced utility application. This Petition is being filed along with a letter requesting a pre-first Office Action interview pursuant to the U.S. Patent Office Pilot Program set forth in OG Notices: 27 April 2004.

In accordance with 35 C.F.R. § 1.102, Applicants hereby petition for accelerated examination of the above-captioned application. The requirements for the petition as set forth in MPEP § 708.02(VIII) are met as follows:

- (A) This petition is accompanied by the fee of \$130.00 as set forth in 37 C.F.R. § 1.17(i). The Commissioner is authorized to charge any further fees or to credit any over payments to Deposit Account No. 50-1852.

11/01/2004 NGE BREM1 00000043 10707491

01 FC:1460

130.00 DP

(B) If the Office determines that all of the pending claims are not obviously directed to a single invention, Applicants will make an election without traverse. A preliminary amendment is submitted herewith and Applicants believe the claims are directed to a single invention.

(C) A professional searcher was retained to conduct a pre-examination search of the present invention. The search report indicates that the following U.S. and IPC classes/subclasses were searched:

705/001, 004, 010, 035-040, 080

G06F/17-00, 17-60

B42D/15-00

The search report indicates that a number of non-patent literature sources were searched, including Lexis-Nexis, Dialog, Internet search engines (including Google, All The Web, Teoma, Open Directory Project, Fast Search, Copernic, e-Library, Researchville), e-Resources (including the IBM TDB, etc.), Usenet Newsgroups, Company Web Sites, Journals and Academia, Government sources, and a hand library search.

The search report indicates that a number of search terms were used, including the terms: contingent convertible debt, purchase contract, equity linked financial product, financial instrument, mandatory convertible, hybrid, etc.

(D) Each of the references deemed most closely related to the subject matter encompassed by the claims are either of record or are submitted herewith. More particularly, the non-patent references described below were previously submitted to the U.S. PTO in an IDS filed on May 4, 2004. Several U.S. patent references are cited in a Supplemental IDS filed herewith (and are listed on the accompanying PTO Form-1449).

(E) The independent claims of the application are:

1. A computer-implemented method for issuing a unit to a holder, comprising:

creating a forward contract, the forward contract having a contract term extending from an issue date of said unit to a settlement date, said forward contract specifying a settlement rate for calculating a share delivery of issuer stock to said holder at said settlement date in exchange for a settlement amount;

creating a note securing obligations of said holder under said forward contract, said note is a contingent convertible note permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a specified conversion formula; and

issuing said forward contract and said note as a unit.

22. A unit administration system, comprising:

a processor; and

a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:

identify terms of a forward contract involving an issuer, a holder and an equity security;

identify terms of a contingent convertible debt instrument involving said issuer, said holder and said equity security; and

cause the issuance of a unit to said holder, said unit including said forward contract and said contingent convertible debt instrument.

25. A method for issuing a unit to a holder, comprising:

establishing a purchase contract portion of said unit, said purchase contract portion identifying a settlement price to be paid on a settlement date by said holder in exchange for a number of shares having a predetermined value;

establishing a note portion of said unit, said note portion a contingent convertible note including terms identifying a maturity date, an initial

principal amount, at least a first remarketing date, and at least one contingent feature; and

issuing said unit to said holder.

30. A method for issuing a unit to a holder, comprising:

creating a forward contract obligating an issuer to pay a contract fee to the holder, said forward contract having a contract term and specifying a share delivery ratio for calculating a share delivery of issuer stock to said holder at an end of said contract term;

creating a convertible debt instrument securing obligations of said holder under said forward contract, said convertible debt instrument permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a conversion formula, and specifying a contingent distribution of additional warrants at a first call date if a share price of said issuer stock is above a predetermined amount on said first call date; and

issuing said forward contract and said convertible debt instrument as a unit in exchange for a price.

32. A unit pricing device, comprising:

a processor;

a communication device coupled to receive market information from at least a first market data source; and

a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:

receive data identifying terms of a proposed unit including data identifying terms of a forward contract involving an issuer and an equity security, and data identifying terms of a contingent convertible debt instrument involving said issuer and said equity security;

receive said market information from said market data source; and

generate, based on said market information and said terms of said proposed unit, pricing data associated with said proposed unit.

33. A computer-implemented method for issuing a unit to a holder, comprising:

receiving, in a computer, unit data, said unit data including data associated with an issuer stock, interest rate data, and yield data;

calculating, using said computer and based on said unit data, terms of said unit;

creating a forward contract having terms calculated by said computer, the forward contract having a contract term extending from an issue date of said unit to a settlement date, said forward contract specifying a settlement rate for calculating a share delivery of issuer stock to said holder at said settlement date in exchange for a settlement amount;

creating a contingent convertible note securing obligations of said holder under said forward contract, said contingent convertible note having terms calculated by said computer and permitting said holder to convert said contingent convertible note into an amount of shares of issuer stock pursuant to a specified conversion formula; and

issuing said forward contract and said contingent convertible note as a unit.

(F) Following is a detailed discussion of the references that particularly points out, with the particularity required by 37 C.F.R. §1.111(b) and (c), how the claimed subject matter is patentable over the references. The search uncovered several issued U.S. patents, a number of published U.S. and PCT applications, and a number of non-patent references. Each of the references are cited in either the IDS filed on May 4, 2004 or on the accompanying PTO Form 1449. In general, Applicants consider many of the references uncovered by the searcher to be cumulative with each other.

None of the references, alone or in combination, are seen as teaching or suggesting embodiments of the present invention as claimed. For example, none of the references describe a method for issuing a unit to a holder as recited in claim 1 which includes creating a forward contract, the forward contract having a contract term extending from an issue date of said unit to a settlement date, said forward contract specifying a settlement rate for calculating a share delivery of issuer stock to said holder at said settlement date in exchange for a settlement amount, creating a note securing obligations of said holder under said forward contract, said note is a contingent convertible note permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a specified conversion formula, and issuing said forward contract and said note as a unit.

In particular, the references uncovered by the search tend to describe either (a) debt instruments, which are not issued as a unit with a forward contract; or (b) mandatory units that include a straight debt portion and a forward contract. None of the references describe the issuance of a unit comprised of a forward contract with a contingent convertible note as recited in the claims of the present application.

Applicants submit a detailed discussion of the references (in no particular order) that Applicants consider most closely related to the subject matter of the claims as follows:

**U.S. Patent Application Publication No. 2003/0135446** describes “contingent convertible financial instruments”. More particularly, the reference describes a debt instrument that may convert to stock if the issuer’s stock price reaches a contingent conversion trigger price. The reference does not teach or suggest the issuance of a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application. Several published applications were uncovered by the searcher which, apparently, are related to the ‘446 publication, including **U.S. Patent Application Publication Nos. 2003/0130941, 2003/0135436, and 2004/0006520**. None



of these references teach or suggest the issuance of a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application.

**“Handbook of Hybrid Instruments: Convertible Bonds, Preferred Shares, Lyons, ELKS, DECS and other Mandatory Convertible Notes”** provides a detailed summary and review of a variety of hybrid instruments. None of the various instruments described in the reference are seen as including a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application. Instead, many of the instruments described in the reference provide variations on existing convertible instruments that automatically convert into shares of issuer stock at a certain time or under certain conditions. For example, the “Feline PRIDES” instrument described at Section 2.7.3 includes a purchase contract collateralized by a debt security. Again, the debt security is not a contingent convertible note as recited in the claims of the present application. As such, the instrument is unable to provide the same return and other advantages of the present invention.

**“Structured Products & Hybrid Securities”** provides a detailed summary and review of various structured financial instruments and hybrid securities, including, in the chapter provided by the professional searcher, equity-linked notes, or fixed income securities where the interest coupons and/or principal of the instrument is linked to the movements in equity prices. Each of the securities described in the reference include a fixed income security having some ability to convert (typically on a mandatory basis) to shares of an underlying equity security. None of the securities include the issuance of a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application.

Each of the other references cited by the searcher are seen as being cumulative to the references described above, and none of the references are seen as teaching or suggesting the issuance of a unit comprised of a forward contract and a contingent convertible note as recited in the claims of the present application.

Express Mail Label No.: EL963889361US

Application Serial No.: 10/707,491

Attorney Docket No.: G08.069

On the basis of the foregoing, Applicants respectfully request the granting of this Petition so that the application will be taken up promptly and respectfully solicit favorable examination at that time.

Respectfully submitted,

October 28, 2004

Date



Kurt M. Maschoff

Registration No. 38,235

Buckley, Maschoff & Talwalkar LLC

Five Elm Street

New Canaan, CT 06840

(203) 972-0081

cc: John J. Love  
Technology Center Director 3600  
via facsimile to (703) 306-4597  
(w/o Preliminary Amendment, IDS, and copies of references)